

TABLE OF CONTENTS

INTRODUCTION	1
SCOPE	1
EXECUTIVE SUMMARY	1
FOC RESPONSE	1
FINDINGS	
Personnel – Salaries	2
Personnel – Fringe Benefits	2
Central Services Cost	2
Other Direct Cost – Miscellaneous Income	2
RECOMMENDATION	2
SCHEDULE A	3

INTRODUCTION

Emmet County Friend of the Court (FOC) had a contract with the Michigan Family Independence Agency (FIA) to establish FOC paternity and to obtain support orders for all cases where the Emmet County FOC had jurisdiction. The Emmet County FOC billed FIA monthly under the actual cost reimbursement billing method. FIA reimbursed Emmet County FOC for their costs based on the Federal IV-D Program regulations.

SCOPE

We performed an audit of the costs submitted for reimbursement by the Emmet County FOC for the period January 1 through December 31, 1997. Our audit was conducted in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. We performed the audit tests that we determined were necessary to determine if costs charged were proper, accurate, documented, and charged in accordance with the terms of the contract.

EXECUTIVE SUMMARY

We found that the Emmet County FOC over billed FIA for personnel and other direct cost. The State share of the net amount over billed by FOC was \$ 7,545 (See Schedule A.)

Our report recommends the Family Independence Services Administration initiate the process to recoup \$7,545 from the Emmet County FOC.

FOC RESPONSE

The Emmet County FOC did not respond to our draft report.

FINDINGS

Personnel - Salaries

1. Emmet County FOC erroneously over billed FIA for salaries cost of \$7,408. The county billed the cost for the pay period ending 4/29/97 in April, and also billed for it in May. (See Schedule A.)

Personnel - Fringe Benefits

2. Emmet County FOC over billed FIA for social security cost of \$567 and retirement cost of \$672 for the April 29, 1997 pay period referred to in finding #1. (See Schedule A.)

Central Services Cost

3. Emmet County FOC over billed FIA \$1,666 for central service cost because the amount billed exceeded the actual cost incurred per the general ledger, which is the source document for the billings. (See Schedule A.)

Other Direct Cost -Miscellaneous Income

4. Emmet County FOC over billed FIA \$419 for other direct cost because the miscellaneous income generated by charging the clients for making copies was not offset against the costs. Federal Office of Management and Budget (OMB) Circular A-87 requires that costs charged be net of applicable credits. (See Schedule A.)

WE RECOMMEND the Family Independence Services Administration initiate the process to recoup \$7,545 from the Emmet County FOC.

Finding #	Line Item	Year	(Over)/Under Billed Gross Amount	IV-D %	(Over)/Under Billed IV-D Amount	State %	Due (State) County
1	Personnel	1997	\$ (7,453.00)	99.39%	\$ (7,408)		
2	Personnel	1997	\$ (570.00)	99.39%	\$ (567)		
2	Personnel	1997	\$ (676.00)	99.39%	\$ (672)		
3	Central Services	1997	\$ (1,676.00)	99.39%	\$ (1,666)		
4	Other Direct	1997	\$ (422.00)	99.39%	\$ (419)		
Grand Total of the IV-D Audit Adjustments					\$ (10,731)		
	Calculation of the Payment Due the (State) County						
Audited IV-D Amount					331,615.00		
IV-D Amount Used for the Payments Actually Made					342,346.14		
IV-D Audit Adjustment Due (State) County					(10,731.14)	70.31%	\$ (7,545)